

August 12, 1976

Donald L. Walsh, Esquire
Fitch, Fven, Tabin & Lucdeka
135 South LaSalle Street
Chicago, Illinois 60603

Re: Magnavox-Midway Agreement

Dear Don:

This will merely confirm my recent telephone conference with you and Sid Katz regarding the Magnavox-Midway Agreement and your client's desire to obtain additional information about the Magnavox-Atari Agreement. As I indicated to you during our conference, it is the position of Magnavox that the terms and conditions of the Magnavox-Atari Agreement are such that Article XV of the Magnavox-Midway Agreement relating to MORE FAVORABLE TERMS is not operative.

During our conference call, you took the position that Magnavox's assertion of the foregoing fact did not suffice and that you would require access to the Magnavox-Atari settlement documents in order to ascertain whether or not you would concur in the stated position of Magnavox that Article XV was not operative in this case.

In the hope of resolving this matter as expeditiously as possible, I indicated that we were prepared to make the entire Magnavox-Atari settlement documents available to your firm for inspection and analysis in the believe that your inspection will confirm the Magnavox position. If

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you find that this procedure does not suffice after you have taken the initial step to inspect the settlement documents, we will discuss with you what further steps are necessary, and, in any event, we will not take the position that by accepting disclosure of the Magnavox-Atari settlement documents on a confidential, attorney only basis you are in any way estopped from seeking further disclosure if you believe that such further disclosure is necessary.

I would suggest that we deal with this matter one step at a time as outlined above. We have now had clearance from Magnavox management for the foregoing procedure. If you find this acceptable, call me and we can arrange to deliver the Magnavox-Atari settlement documents to you for your consideration.

Very truly yours,

NEUMAN, WILLIAMS, ANDERSON & OLSON

By

Theodore W. Anderson

TEA:l:s

cc: Thomas A. Briody, Esq.
cc: James T. Williams, Esq.

September 13, 1976

Donald L. Welsh, Esq.
Fitch, Even, Tabin & Luedeka
Suite 900
135 South La Salle Street
Chicago, Illinois 60603

Re: Magnavox - Atari Settlement
Agreement - Your File No. 33656

Dear Don:

I have your letter of September 10, 1976 responsive to our letter of August 12, 1976 and pursuant to that exchange of correspondence, we are herewith submitting to you copies of the following documents relating to the agreement between Magnavox and Atari settling the civil action that was pending before the Northern District of Illinois and granting certain rights for stated considerations:

1) SETTLEMENT AGREEMENT

2) NON-EXCLUSIVE CROSS LICENSE FOR VIDEO GAMES

3) AGREEMENT effective January 27, 1972 between
The Magnavox Company and Sanders Associates

4) Letter from The Magnavox Company to Atari, Inc.
dated June 8, 1976

EXHIBIT 7

We are submitting the foregoing documents to you with this letter with the specific understanding that they are for consideration by you and lawyers associated with your firm in order that you can establish to your satisfaction that Magnavox is in full compliance with all terms and conditions of the Magnavox-Midway settlement agreements. After you have had an opportunity to consider these documents we will be happy to discuss with you or meet with you for a conference on how to fully satisfy you and your client within the framework of the agreement. From my understanding of your letter of September 10, 1976, I believe that it does conform to our prior conversation recognizing that in delivering the enclosed documents to you we are not agreeing that such delivery is required under the Magnavox-Midway settlement agreements, but we are delivering them to you in the hope that a simple and amicable means to resolve any differences on that point can be successfully resolved. Conversely, you are not accepting the enclosed documents on the condition that you will not seek further disclosure or the right to disclose some of the documents or their contents to your client. However, for the moment you are agreeing that you will accept them in confidence and not disclose them or their contents to your client without either a subsequent agreement between the parties or an order of court.

We appreciate your cooperation.

Very truly yours,

NEUMAN, WILLIAMS, ANDERSON & OLSON

By

Theodore W. Anderson

TWA:js

Enclosures

cc: Thomas A. Briody, Esq.
Louis Etlinger, Esq.
James T. Williams, Esq.

February 17, 1977

Donald L. Welsh, Esquire
Fitch, Even, Tabin and Luedeka
135 South LaSalle Street
Suite 900
Chicago, Illinois 60603

Re: Magnavox - Atari Settlement
Agreement - Your File No. 33656

Dear Don:

Pursuant to our telephone conversation on Tuesday, we understand that you, Midway, and Bally have accepted disclosure of the Atari and Coleco agreements on the conditions discussed in our letter to you of February 14. Accordingly, enclosed please find copies of the sublicense agreement between Magnavox and Coleco and a modification thereto.

Very truly yours,

NEDMAN, WILLIAMS, ANDERSON & OLSON

By:

James T. Williams

JTW:j

Enc.

cc: Thomas A. Briody
William J. Streeter
Theodore W. Anderson

EXHIBIT 10

August 5, 1977

RE: Video Game Patent License
Information to Licensees

We are pleased to announce the conclusion of our patent infringement lawsuits in Chicago against Chicago Dynamic Industries, Inc., Seeburg Industries, Inc., and World Wide Distributors, Inc. The final judgment holds that certain claims of United States Patent No. Re 28,507 are valid in law and have been infringed by the defendants. The Court also found that certain claims of United States Patent No. Re 28,598 were invalid by reason of being obvious in light of United States Patent No. Re 28,507. The remaining claims of United States Patent No. Re 28,598, of course, are presumed to be valid.

In addition to the issues of validity and infringement of U.S. Patents Re 28,507 and Re 28,598, the defendants raised affirmative defenses and counterclaims based on allegations of patent misuse and antitrust. These defenses and counterclaims have been withdrawn and Seeburg has become licensed under U.S. Patent Re 28,507. The defendants Chicago Dynamic Industries and World Wide Distributors have been permanently restrained and enjoined from infringing the '507 patent.

We will be pleased to forward a copy of the Final Judgment entered in the Chicago lawsuits, Civil Actions No. 74 C 1030 and 74 C 2510, upon receipt of your written request.

We also wish to advise you that The Magnavox Company has been notified by Funtronics of Texas, Inc. that, in their opinion, our video games infringe their U.S. Patent No. 3,583,538, which is directed to an electromechanical table tennis game. We have studied this patent in detail and are firmly convinced that video games do not infringe any of the claims thereof. We have so notified Funtronics.

Our licensor, Sanders Associates, Inc., has filed an application to reissue U.S. Patent No. 3,728,480 and U.S. Patent No. 3,829,095, two of the LICENSED PATENTS under our agreement. This reissue application seeks to delete certain claims and to add other claims to the patent to more specifically and particularly define the invention. The reissue application calls to the attention of the Patent Office a recently discovered prior art patent, U.S. Patent No. 3,135,815 issued June 2, 1964 in the name of Fritz Spiegel. We will inform you when the reissue patent is issued.

As you may already know, Sanders and Magnavox have a pending lawsuit for patent infringement in Florida against Allied Leisure, Inc. and Tandy Corporation (Radio Shack). Allied Leisure has manufactured both coin-operated and home video games. Tandy has manufactured and imported home video games. We will keep you advised of the progress of this lawsuit.

Attached is a list of licensees as of August 1, 1977.

Very truly yours,

William J. Streeter

William J. Streeter
Patent Counsel

WJS/mfo

Encl.

March 20, 1979

Donald L. Welsh, Esq.
Fitch, Even, Tabin and Luedeka
135 South La Salle Street
Suite 900
Chicago, Illinois 60603

Re: Magnavox v. Bally

Dear Don:

After the hearing before Judge Leighton last Friday, you requested that we provide you with the names of those parties who have taken licenses under the Magnavox/Sanders video game patents which licenses include provisions relating to microprocessor games of the type which Magnavox has previously proposed to Bally. Bob Mayer informs us that the following parties located in the indicated countries have taken such licenses:

France:

S.A. SEB
Thomson-Brandt

Germany:

Blaupunkt-Werke
Grundig
Norddeutsche Mende
Rundfunk K.G.
Standard Elektrik Lorenz

Hong Kong:

Promotors Limited
Video Technology Ltd.

We understand that Radofin Electronics (Far East) Ltd. of Hong Kong is paying as though it had executed such terms, but the formalities of execution have not been completed.

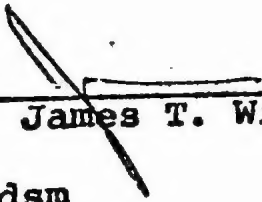
Donald L. Welsh, Esq.
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You might be interested in knowing that the licenses to the French companies were negotiated through Groupement des Industriels en Material Electronique (GIMEL), while those to the German companies were negotiated through the Interessengemeinschaft fur Rundfunkschutzrechte E.V. (I.G.R.). Standard Elektrik Lorenz is an I.T.T. subsidiary in Germany and led Bob to believe that the license agreement had been cleared through I.T.T.'s U.S. patent department.

As you are certainly aware and as we also discussed last Friday, just after this lawsuit was filed in December, we offered to supply you with copies of all the license agreements under the Magnavox/Sanders video game patents upon entry of an appropriate protective order. This was proposed as a preliminary step to show you and your client that Magnavox was indeed complying with the option provision. You agreed to this procedure but Sid Katz wanted to give the matter further consideration. We have never heard from you further on this, but the offer is still open.

Very truly yours,

NEUMAN, WILLIAMS, ANDERSON & OLSON

By  _____
James T. Williams

JTW:dsm

cc: R. T. Mayer, Esq.
T. W. Anderson, Esq.